Madison Metropolitan Sewerage District
INCORPORATED INTO COMMISSION POLICY BY REFERENCE

Title: Commission Policy Statement on Transactional Approval Authority
Attachment Number: ATT – 3
Adopted: 09-28-2017
Revised:

Madison Metropolitan Sewerage District
Commission Policy Statement

Transaction Approval Authority

POLICY OBJECTIVE:
The district’s transaction approval authority policy addresses requirements for approval of financial transactions including, but not limited to, contracts, professional services agreements, equipment purchases, settlement agreements and other arrangements. This policy addresses transactions requiring commission approval and transactions that may be approved by the chief engineer and director.

POLICY STATEMENT:
The district’s transaction approval authority policy establishes controls on district transactions to ensure that the allocations of district resources are subject to appropriate levels of review and consideration. The operating budget, capital projects budget and debt service budget authorize expenditures subject to state law, this policy and other district policy.

I. Chief Engineer and Director Responsibility
   A. The chief engineer and director are responsible for operating fund transactions as follows:

      1. The chief engineer and director shall ensure that the annual operating budget expenditures do not exceed the total funds budgeted. When it is apparent that the operating budget total will be exceeded, a request for a budget amendment shall be brought to the commission, before an overrun.

      2. The chief engineer and director may, without further commission approval during the budget year, authorize the transfer of budgeted operating budget funds between any cost center within the total approved budget within the limits of authority delegated by this or other commission policy or action except that changes to the budgeted amount transferred to the debt service fund requires commission approval.
A. The chief engineer and director are responsible for capital projects fund transactions as follows:

Within the limits of authority delegated by commission policy or action, the chief engineer and director may, without further commission approval during the budget year, execute contracts, contract amendments or contract modifications or change project schedules provided that:

1. Total spending for the individual affected capital project of the capital projects budget, as approved by the commission, is not exceeded and
2. Total capital project expenditures do not exceed that budgeted for the capital projects budget in aggregate.

II. Transaction Approval: Commission Approval
A. Generally, commission approval of the operating budget and capital projects budget authorizes expenditures except as noted below.

1. Commission approval is required for operating fund transactions as follows:
   
   a. Non-routine, individual operating fund expense transactions exceeding $50,000. Non-routine transactions typically require bids or a contract. Routine transactions, for example, include utility bills.
   
   b. Professional services contract awards exceeding $50,000 or amendments to these contracts exceeding 10 percent of the original contract amount.

2. Commission approval is required for all capital projects fund transactions as follows:
   
   a. Construction contract awards exceeding $100,000.
      
      1) For construction contracts exceeding $100,000 and less than $500,000, amendments to these contracts exceeding 10 percent of the original contract amount.
      
      2) For construction contract awards exceeding $500,000, amendments to these contracts exceeding 5 percent of the original contract amount.
   
   b. Equipment purchases exceeding $100,000.
   
   c. Professional services contract awards exceeding $50,000 and
amendments to these contracts exceeding 10 percent of the original contract amount.

3. The chief engineer and his/her designee(s) are authorized to expend monies to address emergencies. Emergency situations are those which require immediate action to protect public health and safety, employee safety, the environment or property. Management shall use reasonable judgment and control of purchases during such events and shall report to the commission those purchases exceeding the normal limits as soon as is practically possible.

III. Transaction Reporting

The chief engineer and director shall prepare a monthly report summarizing all transactions in the operating fund, capital projects fund and the debt service funds.

None of the specific provisions of this statement shall be interpreted to require actions that will frustrate accomplishment of the stated policy objective.

Adopted by commission action June 13, 2013